

Commission on Streamlining Government

Senator Jack Donahue, *Chairman*
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Angele Davis, Commissioner of
Administration
Barry Erwin
Brett F. Geymann, Representative
Leonard Hardman
John Kennedy, State Treasurer
Lansing Kolb
Mike Michot, Senator
Jim Morris, Representative



P. O. Box 44481
Baton Rouge, LA 70804
Telephone: (225) 342-2762
or 1-800-205-9873
Facsimile: (225) 342-9784
email: streamline@legis.state.la.us

Commission Staff
Jerry J. Guillot, *Administrator*
Tim Prather, *Coordinator*
Trudy Fourmy, *Secretary*

Advisory Group on Outsourcing, Privatization And Risk Management

Minutes Meeting of October 29, 2009

I. CALL TO ORDER

A meeting of the Advisory Group on Outsourcing, Privatization and Risk Management at the Lake Charles City Council Chamber, 326 Pujoe Street, Lake Charles, Louisiana. The Chairman, Roy O. Martin called the meeting to order at 3:04pm.

II. ROLL CALL

The Secretary Gail Brister called the roll and noted the following concerning members present:

MEMBERS PRESENT:

Roy O. Martin, III - Chairman
Rep. Brett F. Geymann
David Perry
Raymond Peters

MEMBERS ABSENT:

Bill Fenstermaker

STAFF PRESENT

Tom Wade - Coordinator
Gail Brister - Secretary
Frank Pitts - Security

III. WITNESSES PRESENT

Richard Ott - AFSCME - Council #17, Baton Rouge, LA
Lake Charles Mayor Randy Roach

IV. REPORTS AND PRESENTATIONS:

Receive Recommendations from:

- Department of Transportation and Development

- Department of Social Services
- Department of Education
- Department of Public Safety and Corrections - Public Safety Services
- Division of Administration

Mr. Roy Martin said since we just received the minutes I am going to ask that we postpone action on the minutes until the next meeting so we can read them. We have on our agenda a list of recommendations that are before you for consideration. I have one card from the public to speak.

Mr. Martin read into the record the proposed recommendations. I am using my numbers on these proposed recommendations. Martin 10 through Martin 28 on the list are proposals made at the last Commission meeting and we want to go through those one at a time for adoption by our Advisory Group. They have been introduced, they have gone to this Advisory Group for consideration and then there will be a public comment period of about ten days if they pass in the advisory group and then it will be reconsidered at the commission.

These are all suggestions being from the commissioners and Secretaries. The first one is to privatize issuance and the distribution of certificates to the one stop participants at the Workforce Commission. This is coming from the Louisiana Workforce Commission, the former Department of Labor, for a savings of one TO and sixty-five thousand dollars.

Mr. David Perry moved favorable and Mr. Peters seconded the motion. Without opposition, the motion passed.

Mr. Martin said the second one is from the Secretary of Environmental Quality, and suggests considering an RFP to outsource the DEQ laboratory services division. If you will remember, they have a DEQ lab that was built a few years ago that they feel they can successfully outsource all of the lab work at a cheaper price, and they are writing an RFP so that perhaps the Department of Health and Hospitals can take it over for an income to DEQ of one million six hundred forty-two thousand and five hundred dollars with positions that were eliminated.

Mr. David Perry moved favorable and Mr. Peters seconded the motion. Without opposition, the motion passed.

Mr. Martin read the third recommendation Martin 12 by Department of Environmental Quality, which is to consider leasing office and warehouse space at reduced rates from the Department of Agriculture and Forestry. They have an offer to reduce their lease rates by seventy thousand dollars. This is from the Secretary. Motion?

Mr. David Perry moved favorable and Mr. Peters seconded the motion. Without opposition, the motion passed.

Mr. Martin read the fourth recommendation. Martin 13 is to discontinue operations of the DEQ library. The information maintained there is now on-line, and this would be for a savings of two hundred and seventy thousand dollars.

Mr. David Perry moved favorable and Mr. Peters seconded the motion. Without opposition, the motion passed.

Mr. Martin said the next recommendation is Martin 14. Consider workforce reduction by twenty as determined by the DEQ Secretary through ongoing streamlining operations for a savings of one million two hundred and sixty-two thousand five hundred dollars, suggested by the Secretary. Motion?

Mr. David Perry moved favorable and Mr. Peters seconded the motion. Without opposition, the motion passed.

Mr. Martin said the next recommendation, Martin 15, is to consider consolidating the litter hot line from DEQ. This is a suggestion from the Wildlife and Fisheries. Mr. Robert Barham thinks he can use both of his hot lines to consolidate with DEQ's hot line for a savings of seventy thousand dollars per year. Motion?

Mr. David Perry moved favorable and Rep. Geymann seconded the motion. Without opposition, the motion passed.

Mr. Martin said the next recommendation is Martin 16. It is from the Department of Wildlife and Fisheries to consolidate the marine, inland and wildlife facilities at the Lacombe Hatchery. They are still working on this at the moment. I don't have a savings on that but it is thought to be significant and these are savings within the Department of Wildlife and Fisheries.

Mr. David Perry asked is this all on one location? Are they consolidating everything to the Lacombe Hatchery?

Mr. Martin said they are consolidating everything to the Lacombe Hatchery.

Mr. Perry asked from all over the United States?

Mr. Martin said no, from different facilities within that area.

Mr. David Perry moved and Rep. Geymann seconded the motion. Without opposition, the motion passed.

Mr. Martin read the next motion. Martin 17 is from the Department of Public Safety and is to consider an RFP to outsource background checks. This is a common industry practice.

Mr. Peters asked who currently does that?

Mr. Martin said they do it internally.

Mr. Perry said they ought to be able to do it cheaper than anybody else.

Mr. Martin said the department is considering the RFP. There is not a savings yet because they haven't sent it out. This is just a motion to consider outsourcing, not to outsource.

Mr. David Perry moved favorable and Mr. Peters seconded the motion. Without opposition, the motion passed.

Mr. Martin said the next recommendations are Martin 18 and 19, and they are going to another advisory group to consider.

Mr. Martin said the next one is Martin 20. Now this is outsourcing a hazardous materials twenty-four hour hot line. That is a savings of, . . . they have an RFP out and the RFP shows that they can save five hundred thousand dollars per year on this activity, fifty percent of it being in fiscal year 2010 and fifty percent in fiscal year 2011.

Mr. David Perry moved favorable and Mr. Peters seconded the motion. Without opposition, the motion passed.

Mr. Martin said the next one is Martin 21 and it is from the Department of Public Safety to implement a vendor operated mail room and mail system, and that is an RFP that's been completed and it shows a savings to the department of 1.5 million dollars per year.

Mr. David Perry moved favorable and Rep. Geymann seconded the motion. Without opposition, the motion passed.

Mr. Martin said the next one is Martin 22. This is to consider outsourcing the commercial fleet registration for out-of-state jurisdictions. That is a fifty percent savings in 2010 and a fifty percent savings in 2011. That is a proposal for an RFP, they are anticipating a hundred and fifty thousand dollars but this is just a proposal.

Mr. David Perry moved favorable and Mr. Peters seconded the motion. Without opposition, the motion passed.

Mr. Martin said the next one is Martin 23 and is for various departments, including the Department of Health and Hospitals, Department of Public Safety, and the Office of Veterans Affairs. This is to go from a handwritten time-keeping system that they have to write their hours down, key them in like we did in the 60's and move to an automatic time and attendant system. They believe that they can save a minimum of one million dollars throughout those various departments.

Rep. Geymann asked do you know if this is "general funds" it has the word "no"? Can you explain that?

Mr. Martin said that is probably an error because in the Department of Health and Hospitals and the Office of Veterans Affairs it would affect the general fund and the Department of Public Safety, which is funded differently, it would not.

Rep. Geymann said that is my question. You are under the understanding that would actually have a one million dollar impact on the general fund itself?

Mr. Martin said that is correct. My mistake. Let the record show that the column should say "yes" and "no". "Yes" is for the other departments besides Public Safety.

Mr. Peters said my question would be why are the other departments and agencies not included as well?

Mr. Martin said most of the other agencies are in the twenty-first century and have a automatic time keeping system, but some do not.

Mr. Peters asked could we verify that?

Mr. Martin said yes, we need to be able to do that and if we have other departments that use handwritten time-keeping systems, we need to automate them. I know the nurses in most of the charity hospitals write their hours down by hand.

Mr. David Perry moved favorable and Mr. Peters seconded the motion. Without opposition, the motion passed.

Mr. Martin said the next is Martin 24 which is with Public Safety, again considering outsourcing of their centralized call center. This is done in-house at this point in time. They are considering an RFP to outsource that to a private call center operation. They think they can save one million dollars; that is an estimate because the RFP has not been done.

Rep. Geymann asked where might the call center be located?

Mr. Martin said I don't know. They just have an RFP on it right now.

Rep. Geymann asked could it be overseas or in the United States?

Mr. Martin said that is a good question but I do not know the answer to that.

Mr. Perry asked are we talking about the Department of Public Safety, the State Police?

Mr. Martin said yes.

Mr. Perry asked is it their own call center?

Mr. Martin said yes. They man a twenty-four hour call center that routes calls to the proper department and they believe it could be done cheaper with a private firm.

Mr. Martin said Rep. Geymann brings up a good point. I was considering it to be outsourced or something like the system we have in Alexandria, but considering that might be a question that we need to ask.

Mr. Perry said we should put an amendment on it. Perhaps we need to indicate that it be English speaking inside the state of Louisiana.

Rep. Geymann asked is this the proper time to do it?

Mr. Martin said I will consider a motion to amend the Martin 24 to consider outsourcing to a centralized call center within the state of Louisiana. Without objection, that amendment passes.

Mr. Martin asked for a motion for the full recommendation.

Mr. David Perry moved favorable and Rep. Geymann seconded the motion. Without opposition, the motion passed.

Mr. Martin said the next recommendation is Martin 25 from the Office of Veteran Affairs to write an RFP considering consolidation of pharmacy services at veterans homes. This shows a savings of seven hundred and nine thousand five hundred and forty-two dollars.

Rep. Geymann asked can you do the same thing with if you are working with the prison system and the veteran affairs, if you got to the point where you consolidate pharmacy services? Why can't you piggy back all of it on each other, where you have one system handling that for all the agencies requiring pharmaceutical services in the state?

Mr. Martin said that is a good question. That could be for Veterans Affairs, from DHH and other ones. That is something we need to take up. This particular recommendation is from the Office of Veterans Affairs, like we did the automatic time system.

Rep. Geymann asked if we need to make that motion?

Mr. Martin said that probably needs to be formed as another recommendation from the advisory group, but maybe not amending this particular one.

Mr. Perry said since it came from that department.

Mr. Martin said he has a specific RFP here from the department.

Mr. Peters said that we have in the last series of these where we talk about doing that for the prison system as well. If we can do it, you don't want to do that separately. You want to be able to consolidate that because that is where the savings come from.

Mr. Martin said that all of these are from Veteran Affairs, the next twenty-five thru twenty-eight, and they all come from that agency – physician services, competitive therapy services and food

contracts. So these are specific to the veterans homes. We should go ahead and review these as Veterans Affairs would like and then we will look at a statewide if that is possible. These are all over the state.

Mr. Perry said we can certainly look at that.

Mr. Martin asked for a motion.

Mr. David Perry moved favorable and Mr. Peters seconded the motion. Without opposition, the motion passed.

Mr. Martin gave the next recommendation. Martin 26 is to consider consolidating physician services at the veterans home. They have an RFP for that, saving nearly one million dollars, nine hundred seventy-eight thousand, eight hundred and sixteen dollars. That is incomplete; the next RFP has been completed. This is another recommendation from Veteran Affairs.

Mr. Perry said that he is not understanding that, consolidating physician services at the veterans home.

Mr. Martin said that they have in-house and they have more than one service provider at each location and they are considering consolidating those into one at a substantial savings.

Mr. Perry said I can see the savings. I am just trying to figure out how that works. I think it is a good idea.

Mr. Peters asked is your question a quality of care question?

Mr. Perry said yes. He is sure they took that into account when they suggested it.

Mr. Martin said there currently six full time positions and two part time nurse practitioners. They feel they can reduce that to one physician and one nurse practitioner and work out additional coverage through contractual arrangements with local physicians within the community to serve the veterans homes on a referral basis with all the facilities.

Mr. Perry moved favorable and Mr. Peters seconded the motion. Without opposition, the motion passed.

Mr. Martin said the next one is Martin 27 and this one is to renegotiate competitive therapy services at veterans homes. Again, the expectation is that the therapy contracts can be negotiated from ninety-nine cents per minute to eighty cents per minute on Part A and ninety cents per minute to seventy cents per to seventy-five cents per minute on Part B. Apparently they have taken bids and they can successfully reduce the cost.

Mr. Perry moved favorable and Mr. Peters seconded the motion. Without opposition, the motion passed.

Mr. Martin said the next is Martin 28 and this one is to evaluate the outsourcing of food contracts at veterans homes. This RFP has not been sent out but they are hearing that food service contracts are cheaper in other areas, so this is just an evaluation recommendation from the veterans affairs.

Rep. Geymann moved favorable and Mr. Perry seconded the motion. Without opposition, the motion passed.

Mr. Martin said that the next several recommendations also come from the departments. Secretary Ankner asked me to withhold the first four on DOTD until he has a better change to look at them. These are recommendations from the chairman and not necessarily from the secretary so he wants some time to evaluate my recommendations.

The next item is an RFP considering, from Mr. Barham from Wildlife and Fisheries, to consider outsourcing the control of aquatic plants. Currently, water hyacinths control is done internally. They are looking at going to outside firms to do that they have an undetermined amount of savings for that this is just writing an RFP.

Mr. Perry moved favorable and Mr. Peters seconded the motion. Without opposition, the motion passed.

Mr. Martin said that without objection we will call this AG

Rep. Geymann asked what is the difference from this one and the others.

Mr. Martin said the first ones that we took up earlier were my member recommendations. I put those in to start the public comment period. The public comment period has to be less than fourteen days and now I've got the other recommendations from secretaries and commissioners to start the public comments process.

Mr. Tom Wade said the number for this first one from DWF is going to be AGOPRM#21.

Mr. Martin said I am going to put AGO 21. The next is a recommendation from DWF to increase the nuisance animal control program. With more officers they feel that they can cover the area better. I don't particularly agree with the savings of ten thousand five hundred dollars because they are not increasing personnel from their discussion; they are just increasing the number of current employees on animal control. So we will just not move that one at this time.

Next is something we probably need to talk about a little bit. In discussions with all of our higher education facilities and this is something that . . . this is kind of a fine line between our commission and our sister commission on higher education, but this has to do with purchasing so I think it is germane. Apparently, this relates to any common purchasing among college campuses, whether copy paper, gasoline, or HVAC supplies are purchased in silos. They don't join together to enhance their purchasing power. This is something that this Advisory Group needs to address to more or less convince all of the different campuses from LSU Baton Rouge, Southern University, UNO, Grambling and ULM to combine their purchasing power.

Mr. Peters asked is it the LSU System? The ULL system?

Mr. Martin said this relates to the Board of Regents.

Mr. Peters said my only question would be and I think it is a wonderful idea to be able to leverage that but, I would suggest to also include Louisiana Community and Technical College System.

Mr. Martin said that I think that is good. You have to start somewhere though. It's amazing that even in the LSU system, LSU in Alexandria doesn't combine purchasing power with the main campus.

Mr. Perry said I don't understand that but locally, in regard to HVAC, they have a blower to go out if they have to call someone out locally to take care of it that is one thing.

Mr. Martin asked what about filters though?

Mr. Peters said repair and maintenance is probably different though.

Mr. Perry said that it sounds good off the cuff but when you also look at it, if they are purchasing from their area right around them but also support their community college or that college that pays the taxes there, it may be a wash verses somebody in Baton Rouge picking up the phone and ordering all the paper from Connecticut.

Mr. Martin said if LSU campus bought paper in bulk, it would be a considerable savings even though it may not come from a local vendor. A local vendor could compete for that business but it's a purchasing power situation.

Mr. Perry said I am not selling to any of them.

Rep. Geymann said I kind of follow Mr. Perry's thinking on that too. We just need to be cautious just how we word that possibly. I guess we can discuss it at a later date.

Mr. Martin asked do you want to table it?

Rep. Geymann said I am not suggesting that but if we recommend that, it will be debated among the Commission, is that correct?

Mr. Martin said correct.

Rep. Geymann asked will it be open for debate at that point?

Mr. Martin said I am sure everyone recognizes the potential savings on bulk purchases verses individual purchases, especially on the smaller campuses, they may not be getting a good price on this as the whole region.

Rep. Geymann said my understanding is state contract, . . . let's take McNeese. Since we are in Lake Charles and purchase only up to X amount of dollars which I believe is twenty-five hundred without going out for a bid, they can bid three people or whatever, you are suggesting that all universities to a bid for a statewide contract for that copy paper. When McNeese needs copy paper, they call whoever won that bid for the statewide contract and they ship the product in?

Mr. Martin said yes and it shows up here. That is correct.

Rep. Geymann asked is there any consideration about Mr. Perry's suggestion that we end up buying from Connecticut instead of the guy on Ryan street?

Mr. Martin said in my experience, paper comes from one place and it is outside the state. It comes from a particular paper mill that does white copy paper which could be in Alabama, and is in Alabama actually, and they are going to ship it in Louisiana to distribution areas that ship to retailers.

Rep. Geymann said then we are essentially being asked to recommend that we look at a statewide commodities contract for universities that could be purchased in bulk. Each university can tap into it.

Mr. Martin said right. The recommendation is to review consolidation of purchasing functions among campuses to increase purchasing power.

Mr. Perry said I think it is a good idea but you might have a little copy place down the road and somebody can just pick up the phone and may sell fifty boxes a year but Dr. Hebert can also pick up the phone and get that guy to make a donation to the alumni center every year, too, verses one of those the go through Alabama. It is just something to consider.

Mr. Martin said I agree, but we have to save one billion dollars somehow and one way to do it is with bulk purchasing.

Rep. Geymann asked can we put in the recommendation that we suggest emphasis on Louisiana-based companies somehow? Without messing up the whole thing, is that pushing too far?

Mr. Martin said the only thing I know about this is that it is unconstitutional to prohibit someone from buying from an out-of-state vendor. You can't mandate it. I'll rely on your legislative ability to work that out.

Rep. Geymann said you can go in and say that the state government has to look at Louisiana products first and put some kind of preference first; the problem is when you do that, other states will do it, too.

Mr. Martin said Texas has that reciprocating law.

Rep. Geymann said Mr. Perry brought up a good point, but I withdraw my suggestion.

Mr. Martin asked are there any suggestions? I think it is something that the state needs to do because their purchasing is siloed and it is almost guaranteed not to get the best price for things.

Mr. Peters said if you look at Barnes and Noble, they are coming in and taking over the bookstores.

Mr. Perry asked on the campuses?

Mr. Peters said yes, on the campuses.

Mr. Peters said Barnes and Nobles runs the LSU bookstore and you have some of that taking place right now.

Mr. Martin said it has swung the bookstore loss to a net revenue source for LSU.

Mr. Peters said I move that we go ahead and recommend the review by higher ed.

Mr. Perry seconded the motion. Without opposition, the motion passed.

Mr. Martin said the next recommendation is from the Department of Corrections, suggesting the Louisiana State Health Sciences in Shreveport expand their partnership to provide costly medications to inmates in that region of the state. That's for a three hundred and fifty thousand dollar savings. This is AGO 23.

Mr. Perry moved favorable and Mr. Peters seconded the motion. Without opposition, the motion passed.

Mr. Martin read the next three recommendations from the Department of Juvenile Justice. These are estimates; they are considering an RFP to privatize health care services in secure juvenile care which they believe can save three million dollars. This is just a request for a proposal. It's AGO 24.

Mr. Perry said this is similar to the one we looked at earlier for the veterans homes.

Mr. Martin said yes.

Mr. Perry moved favorable and Mr. Peters seconded the motion. Without opposition, the motion passed.

Mr. Martin said the next, AGO 25, is considering an RFP to privatize the pharmacy which is the same, just different regions. We can come back and ask those departments to get together and see if there is a way to combine services later on because they are all wanting to review privatization of these things.

Mr. Perry moved favorable and Mr. Peters seconded the motion. Without opposition, the motion passed.

Mr. Martin said the next, AGO 26, is to consider privatizing the laundry services in secure care for a ten thousand dollar estimated savings, an RFP for that.

Mr. Perry moved favorable.

Mr. Martin said AGO 26 passes without objection.

Mr. Martin said the next recommendation you may have some questions about. These are recommendations from the Secretaries. This is from the Louisiana National Guard and the first will be called AGO 27. This is for lodging, and considering an RFP to outsource lodging on installations.

Mr. Peters said it is probably similar to privatizing dormitories on college campuses.

Mr. Martin said I think it is exactly the same. After investigation, it is amazing the things the National Guard does internally and we are going to go through. They are going to do RFP's to outsource billeting or lodging on installations AGO 27.

Mr. Perry moved favorable.

Mr. Martin said AGO 27 passes without objection.

Mr. Martin said the next one AGO 28 and it is to outsource the utilities on the military installations, and they need an RFP to do that. Many of the installations have their own power generating station, their own water wells, own sewer systems. When they are adjacent to municipalities, . . . and their own municipal gas companies, so they are all military and it is quite sufficient but many not that efficient. Those are some of the things we will be looking at. They are looking for an RFP to outsource their electricity, water, gas and sewer services on their installations.

Mr. Perry said that in regard to hurricanes the public works do get back in here quick, but are they back here as quick as the military? Is there a consideration for that? Or, is that going to be taken into account when they let go running their own show?

Mr. Martin said probably just from knowing having a back up power plant our selves from some of our installations these utilities may not be taken down completely but they may be for standby.

Mr. Perry moved favorable and Mr. Peters seconded the motion. Without opposition, the motion passed.

Mr. Martin said the next one, AGO 29, is to consider an RFP to outsource fixed-charged services. Fixed charged services are the trash, pest control, termite treatment and accounting that is done in-house; they want to take a look at.

Mr. Perry moved favorable and Mr. Peters seconded the motion. Without opposition, the motion passed.

Mr. Martin said the next one, AGO 30, is to consider an RFP to outsource the upgrade of their sewer treatment and waste water collections on their bases. This is particularly true at Camp Minden in the regional training institute. They are looking at, instead of adding considerable capital to their existing sewer treatment plant, to get on to a municipal system. This one is similar to AGO28.

Mr. Peters moved favorable and Mr. Perry seconded the motion. Without opposition, the motion passed.

Mr. Martin said the next one, AGO 31, is similar to our previous fleet management one, in that this is an RFP to outsource and improve fleet utilization. The National Guard has a considerable number of vehicles and this basically is to try to decrease the number of vehicles and utilize more rental cars in the National Guard system.

Mr. Perry moved favorable and Mr. Peters seconded the motion. Without opposition, the motion passed.

Mr. Martin said the next one is AGO 32, from the Department of Health and Hospitals, and this one is to establish a competitive procurement process for operation of inpatient mental health institutions and/or certain services provided at the institutions. We want to include in the request for proposal solicitations a requirement for constructing new facilities without using any state debt. Again, the procurement process at some of our mental health institutions is not coordinated and some items are not put out for competitive bid, and a lot of the capital requirements are done through the Bond Commission. The suggestion by the Secretary is to have a more competitive purchasing department basically for these mental health institutions and any new facilities be constructed with internal funds.

Mr. Peters asked how many institutions are we talking about?

Mr. Martin said there are eight mental health institutions in the state.

Mr. Peters asked why would we treat those any different?

Mr. Martin said I cannot answer that but I think they are trying to make sure they are treated the same.

Mr. Perry moved favorable and Mr. Peters seconded the motion. Without opposition, the motion passed.

Mr. Martin said the next one is AGO 33, a recommendation from Allen Levine in which he recommends that the Office of Aging and Adult Services implement the needs-based allocation of services in the Elderly and Disabled Waiver Program and the Personal Care Attendant Services Medicaid Option by the end of this fiscal year. In short, the next two are kind of sister recommendations that the allocation of services in the Elderly and Disabled Waiver is a huge and growing program. It is a multi-hundred million dollar program that is growing in the state and Secretary Levine believes that we need to look at the needs of each person applying for this program and basically give them what they need, not necessarily what we are giving them right now.

Mr. Perry asked if it was strictly for the elderly and disabled?

Mr. Martin said yes.

Mr. Peters asked if the secretary say who would be doing that assessment?

Mr. Martin said the Office of Aging and Adult Services.

Mr. Perry moved favorable and Rep. Geymann seconded the motion. Without opposition, the motion passed.

Mr. Martin said the next one is AGO 34. It has the potential to save as much as fifty million dollars. This involves the program for Personal Care Services for the elderly. The department wants to use a competitive procurement process to reduce the number of providers in each DHH administrative region. Right now, we have literally hundreds of personal care service providers. Many are one and two person operations and, as I understand it, the Secretary believes that by consolidating to larger and more professional personal care services contracts, they can greatly reduce the cost for each personal care contract.

Mr. Peters said that contract management by itself would seem to be very difficult. If you are trying to manage hundreds of contracts.

Mr. Martin said this is a program that is growing by leaps and bounds all over the state.

Mr. Perry moved favorable and Peters seconded the motion. Without opposition, the motion passed.

Mr. Martin said the next recommendation is AGO 35, and provides that an RFP be written to privatize secure residential services for persons found "Not Guilty by Reason of Insanity" and the "Lockhart" population. They are privatizing, for lack of a better word, a prison for persons found "Not Guilty by Reason of Insanity." These are specially constructed prison facilities for those individuals who need that type of housing and care and this is strictly an RFP to see if that is feasible.

Mr. Perry asked Rep. Geymann are you familiar with this?

Rep. Geymann said I recall asking Mr. Jerry Jones that question one day in the Commission meeting about building a new facility for those individual and it appears that this could be what we were discussing. He was suggesting someone coming in and taking over that operation and it appears that that's what this is.

Mr. Peters said I though those were mental health facilities; one was the Northshore.

Rep. Geymann said that was a different topic. This is more of a hospital prison.

Mr. Martin said correct. Also under the current process they can be discharged on judicial criteria rather than on clinical outcome. This way they can be civilly committed and discharged back to the

community only with the clinical outcome. They have two forensic service providers here. This budget is seventy-three million four hundred and eighty-five thousand dollars, nine hundred and eighteen people are employed and serving seven hundred and thirty-seven persons. It is a tremendous amount per individual.

Mr. Peters asked Mr. Martin, can you explain the difference between the clinical and the judicial?

Mr. Martin said if they serve their sentence judicially, they can get out regardless of their mental state is what I read it to be.

Mr. Perry asked on a one-to-one ratio, what do the hospitals have?

Mr. Martin said much more than that.

Mr. Perry moved favorable and Peters seconded the motion. Without opposition, the motion passed.

Mr. Martin said that is all of his recommendations from the Secretary. I will now entertain any other motions by Advisory Group members.

Mr. Perry said I have asked Mr. Jones to get us information in regards to contracts regarding the Saints and I haven't seen anything. We also spoke with the Department of Social Service but I did get the answer to that particular question.

Mr. Martin asked Mr. Wade to follow up on that. We'll get that back at the next Advisory Group meeting.

Mr. Peters said I got some feedback from the last session in Lafayette. I called the president of LANO because I was intrigued by the comments about moving some of the state services to non-profits and how effectively they might be able to deal with those things. I would suggest that if you take those and take a look at them I think it is an opportunity for us to consider other options in terms of outsourcing and privatizing some of those agencies around the state. When you look at funding, some of these agencies not only have an opportunity to pick up funding from the state, but because they are non-profit organizations they can match some of that with other grants that may be available.

Rep. Geymann said that is a very good point. We actually heard from a person from this group at the Streamlining Commission meeting on Tuesday. I would suggest, however, that there is a roadblock with this because Treasurer Kennedy has recommended that the Streamline Commission recommend to the legislature that we no longer fund NGO's. When this comes up at the next meeting I am going to speak on that issue and because the state does partner with non-governmental organizations to benefit the citizens of the state. LANO is a perfect example of how the state can partner with non-profits and serve the community in a positive way.

Mr. Martin said I concur with that and I know the Food Bank receives state money and the Council on Aging does also. When a non-profit has a statewide focus and impact, I think it is very appropriate for us to put state money into that. That money is many times more efficiently provided to the people in need than through a governmental agency.

Mr. Peters said if you sit back and look at it I think one of the items that are listed is the counseling that is given to prisoners that would be leaving the penitentiary and preparing themselves for re-entry into the community and they talk about their level of success. You will have to look at it on an outcome basis and look at the savings we would have statewide from minimizing folks going back into prison.

Mr. Martin said I want to thank Mayor Randy Roach for coming today. Treasurer Kennedy has another recommendation to make sure that prisoners have a GED upon getting paroled. Partners in Literacy would be an excellent companion to that end as well.

Rep. Geymann asked is Partners in Literacy a non governmental organization?

Mr. Perry said their literacy council in Lake Charles is.

Rep. Geymann said on one hand we have a recommendation from Mr. Kennedy to do away with NGO's and on the other hand we have a recommendation to require a GED and the non-profits could help with that.

Mr. Martin said that is I was pointing out. We have to make sure that we are consistent. If there are no other comments, I would like to invite Mayor Roach to say something.

Mayor Roach said I just wanted to welcome you to Lake Charles and we are very glade to have you here. We had the full committee here last time and I made a brief presentation to them. I know the job that the Streamlining Commission is doing. I don't know if you are going to be able to do everything you need to do within the constitutional structure that we have today and it may be necessary to make some changes constitutionally in the way that we operate. I think there is a way to do it. The question is wether there is a will to do it. I think we can design on paper something that will and the question is can we actually get it done. I admire you for taking on the challenge in trying to redefine government. Sometimes it take a fiscal crisis to force us to confront the thing that we need to confront. That's true as individuals and it is also true with communities and it is true with states.

Mr. Martin said that with some of the state highways that are within the city limits there is a suggestion to transfer the maintenance and control back to the municipalities. How do you feel about that?

Mayor Roach said I would not be opposed to looking at that and the state could get rid of a lot of its maintenance responsibilities by simply turning it back over to the locals. But are you solving the problem or are you just shifting the responsibilities for the problem, because at the end of the day what is it about? It's about money and it's about being able to generate the revenue that you need to maintain the roads.

Mr. Perry said without letting the state sales tax follow with it.

Mayor Roach said the problem is really one of finances.

Mr. Martin said from a business point of view you are looking at sharing of resources. They have equipment, you have road equipment; you have to maintain traffic lights, they have to maintain traffic lights; they have to keep resources in this area, you have to keep resources in this area. Fifty percent of their equipment is used nine hundred hours a year.

Mayor Roach said you eliminate duplication of services and that's good but, right now we have an agreement with the state that we maintain all the traffic lights in the city and we get paid to do that. There are a couple of projects right now that are state roads that we just can't wait any longer and we are just going ahead and doing them.

Mr. Martin asked are you telling us that they are not meeting their obligations?

Mayor Roach said no, they can't because they don't have enough money. Because they don't have enough money, we are going ahead and we are doing what we have to do to make it happen. We are putting up local money.

Mr. Perry asked do we also do the roads, the pot holes maintenance?

Mayor Roach said it would depend on which one. After getting some of our stimulus money, we actually are spending some of that stimulus money on state roads because we didn't have enough time in order to get our projects done and there were constraints on us relative to acquiring rights of way because we couldn't acquire them and get the project done within the time frame that we had to do it. So we worked with DOTD and found some roads inside the city. They are state roads but we are going to use that stimulus money to do that. I think it depends on the region.

Mr. Martin said that is a fascinating question. When you spent money, your stimulus money, overlaying state roads, did you have to or did their lab have to test?

Mayor Roach said according to their specifications.

Mr. Martin asked if he used their testing lab or did he go outside?

Mayor Roach said we haven't actually done but I think the project is in the letting process right now, but we'll go through their contract process.

Mr. Martin asked did you engineer it or did you get an outside engineer?

Mayor Roach said it was done through our engineering department. The way that it work, we have a metropolitan planning organization. The state has a seat on our local Metro Planning Organization and we came up with a list of projects to spend the stimulus money on. We tried to make it work on some local roads that we needed and, again, because of right of way issues we fought with the state and said, look we don't want to lose this money and we need these roads done to help everybody, so let's put these roads in there.

Mr. Martin asked how it works so they can get these projects?

Mayor Roach said that it works right now on a regional basis with MPO's and the success rate depends upon the relationship that DOTD has in each particular locality.

Mr. Martin said thank you. Now for any public comments.

VI. PUBLIC COMMENTS

Richard Ott - AFSCME - Council #17, Baton Rouge, LA said I am a retired state employee and I worked for the state, the Department of Social Services, for thirty-six plus years. I am here to represent the state president Leonal Hartman who is in other meetings in Baton Rouge. I am speaking just to make some comments and to express some concerns for some state employees. I just want to caution you that I have heard some comments here that really encouraged me, from Rep. Geymann and also Mr. Perry, but I have also heard some comments that concerned me. It is the outsourcing issue. We understand the need for cutting back. But as a union representative I want to make sure you are looking at cutting back where cuts need to be made and not just where they look good. Are you just making things look good for one entity and making it worse for other entities? I am not totally opposed to outsourcing but as a blanket thing, yes, we are. Locally in this region, there are probably about 10% of the employees that have been there over five years now and a lot of this is what I am talking about. If you are going to outsource to more private agencies or private entities, you are just going to cause more problems. What happens to all those employees that are let go or positions are eliminated? The rush with Gov. Jindal's plan coming into being . . . I have seen the rush of creation of positions that they have doubled their numbers but the field positions are not doubled; they are cut. Take that into consideration.

What happens if a private company comes in and take over a service? What happens to those employees? What happens to their state retirement? That is not going to be converted over to Social Security, especially since they came in before 1997; they don't have Social Security. What happens to them when company A takes over? They are not going to be concerned about that. I think we need to be because it has an impact. I also has a concern about your discussion about bundling the purchasing issues together. I know that when we would order paper from state office here in Lake Charles, we may or may not get it because it was shipped out of New Orleans. Somehow we have to be able to specify that first choice has to go to a Louisiana or local entity first. I think that is absolutely essential. I don't think we should solve Mississippi problems or Connecticut problems by cutting off our own people.

Mr. Martin said one thing that I sent to a sister advisory group for employees that it is deemed more efficient for them to be hired in that privatization role. In many states, the employees themselves form a business because they know what is going on and can contract with the state for the exact service they were doing in the state. I am very, very sensitive to that. We have had job fairs and everyone that I know got a job. I think it is a responsibility of this Commission to recommend re-training of employees or even having a placement of these employees; we have a workforce commission, for crying out loud. I think that is a tremendous responsibility of the state for people who have given 36 years to state service. The other part of this Commission is looking at supervisory ratios, looking at management positions first as a form of reduction.

Mr. Ott asked what do you consider as management?

Mr. Martin said we have asked for and received many charts of employees and we have a sister advisory group looking at the true management layers.

Mr. Ott said I consider management as being Baton Rouge, because local has no authority whatsoever. Because all of those people in OCS are at least a manager or above in the classification.

Mr. Martin said the Commission takes recommendations from the public and we are very open to that because a lot of time the best recommendations that you get are from the public.

Rep. Geymann thanked Mr. Ott for attending and speaking and I encourage you to go and speak to the legislative committees during the session about the issues you have talked to us about here. I don't know if you have ever done that.

Mr. Ott said I have done that in the past. But because I was a state employee, I was restricted except for four months that I took leave without pay.

Rep. Geymann said you are not restricted now.

Mr. Ott said that is true.

Rep. Geymann said we are looking at administrative positions and percentages by agency where they are top heavy. We are trying to identify that and deal with that issue. Your purchasing in Louisiana first is close to my heart but it is just really hard to do. If you go online and try to bid on something in the state of Pennsylvania, for instance, they will tell you that if you are an out of state bidder, you are penalized seven percent. So if you are bidding on whatever product they are seeking and you are from Louisiana you are minus seven right out of the gate. They put a preference on their local. We have been looking at the problem and how to solve it. We even looked at this situation: if you are a Louisiana company and you are bidding on a Louisiana contract for office paper; at the end of the day we would refund you a tax credit.

Mr. Ott said that another good example is outsourcing with the NGO's. Locally, we had a very bad experience with outsourcing foster care services. It wasn't that we did away with our own foster care; we added in another resource and it was a nightmare, and it finally ended up with us giving up the program because they just could not do the services with what was being paid.

Mr. Martin said that we have as many failures in outsourcing and privatization as we have success stories. It is basically when you have equipment that is under-utilized and with people associated with that equipment, or when the salaries are not commensurate with the power of an industry. That is when you have an outsourcing opportunity and that is what we are looking for.

Mr. Ott said that another service you can look into is OCS. Master Level Social Workers can not provide clinical counseling for the clients so they have to pay a vendor for those service. Why not? Why can't the Master Level Social Workers provide that service? Many have practices on the side anyway.

Mr. Martin thanked Mr. Ott for coming.

VI. ADJOURNMENT

Mr. Martin, the Chairman, said that since there was no further business to come before the committee, the meeting was adjourned. The meeting was adjourned at 4:30pm.

11-10-09

Roy O. Martin, Chairman

Date Approved